

**Introduced by Committee on Elections, Reapportionment and  
Constitutional Amendments (Senators Calderon (Chair), Battin,  
Cogdill, Migden, and Oropeza)**

February 22, 2007

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An act to amend Sections 82034, 84605, 87500, and 89511.5 of, and to add Section 87302.3 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 512, as introduced, Committee on Elections, Reapportionment and Constitutional Amendments. Political Reform Act of 1974: elections.

Existing law requires that candidates for specified elected state offices file statements with the Fair Political Practices Commission disclosing their financial interests.

This bill would require a candidate for an elected office that is designated in a conflict of interest code to file, with the elections official with whom the candidate's nomination documents are filed, a statement disclosing his or her financial interests.

Existing law requires the disclosure of investments as part of the financial disclosure required of various elected officials and candidates for elected office. This bill would provide that payments to defined benefit pension plans are not investments subject to disclosure requirements.

This bill would also make technical, nonsubstantive changes to these provisions.

Because a violation of the act constitutes a misdemeanor, this bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a  $\frac{2}{3}$  vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 82034 of the Government Code is  
2     amended to read:  
3     82034. "Investment" means any financial interest in or security  
4     issued by a business entity, including, but not limited to, common  
5     stock, preferred stock, rights, warrants, options, debt instruments,  
6     and any partnership or other ownership interest owned directly,  
7     indirectly, or beneficially by the public official, or other filer, or  
8     his or her immediate family, if the business entity or any parent,  
9     subsidiary, or otherwise related business entity has an interest in  
10    real property in the jurisdiction, or does business or plans to do  
11    business in the jurisdiction, or has done business within the  
12    jurisdiction at any time during the two years prior to the time any  
13    statement or other action is required under this title. ~~No~~ An asset  
14    shall *not* be deemed an investment unless its fair market value  
15    equals or exceeds two thousand dollars (\$2,000). The term  
16    "investment" does not include a time or demand deposit in a  
17    financial institution, shares in a credit union, any insurance policy,  
18    interest in a diversified mutual fund registered with the Securities  
19    and Exchange Commission under the Investment Company Act  
20    of 1940 or *in* a common trust fund ~~which is~~ created pursuant to  
21    Section 1564 of the Financial Code, *interest in a defined pension*  
22    *plan qualified under Section 401(a) of the Internal Revenue Code,*  
23    or any bond or other debt instrument issued by any government  
24    or government agency. Investments of an individual includes a  
25    pro rata share of investments of any business entity, mutual fund,

1 or trust in which the individual or immediate family owns, directly,  
2 indirectly, or beneficially, a 10-percent interest or greater. The  
3 term “parent, subsidiary or otherwise related business entity” shall  
4 be specifically defined by regulations of the commission.

5 SEC. 2. Section 84605 of the Government Code is amended  
6 to read:

7 84605. Beginning on July 1, 2000, and for all applicable  
8 reporting periods thereafter, the following persons shall file online  
9 or electronically with the Secretary of State:

10 (a) Any candidate, including appellate court and Supreme Court  
11 candidates and officeholders, committee, or other persons who are  
12 required, pursuant to Chapter 4 (commencing with Section 84100),  
13 to file statements, reports, or other documents in connection with  
14 a state elective office or state measure, provided that the total  
15 cumulative reportable amount of contributions received,  
16 expenditures made, loans made, or loans received is fifty thousand  
17 dollars (\$50,000) or more. In determining the cumulative reportable  
18 amount, all controlled committees, as defined by Section 82016,  
19 ~~and officeholder accounts, as defined by Section 85313,~~ shall be  
20 included. For a committee subject to this title prior to January 1,  
21 2000, the beginning date for calculating cumulative totals is  
22 January 1, 2000. For a committee that is first subject to this title  
23 on or after January 1, 2000, the beginning date for calculating  
24 cumulative totals is the date the committee is first subject to this  
25 title. A committee, as defined in subdivision (c) of Section 82013,  
26 shall file online or electronically if it makes contributions of fifty  
27 thousand dollars (\$50,000) or more in a calendar year.

28 (b) Any general purpose committees, as defined in Section  
29 82027.5, including the general purpose committees of political  
30 parties, and small contributor committees, as defined in Section  
31 85203, that cumulatively receive contributions or make  
32 expenditures totaling fifty thousand dollars (\$50,000) or more to  
33 support or oppose candidates for any elective state office or state  
34 measure. For a committee subject to this title prior to January 1,  
35 2000, the beginning date for calculating cumulative totals is  
36 January 1, 2000. For a committee that first is subject to this title  
37 on or after January 1, 2000, the beginning date for calculating  
38 cumulative totals is the date the committee is first subject to this  
39 title.

1 (c) Any slate mailer organization with cumulative reportable  
2 payments received or made for the purposes of producing slate  
3 mailers of fifty thousand dollars (\$50,000) or more. For a slate  
4 mailer organization subject to this title prior to January 1, 2000,  
5 the beginning date for calculating cumulative totals is January 1,  
6 2000. For a slate mailer organization that first is subject to this  
7 title on or after January 1, 2000, the beginning date for calculating  
8 cumulative totals is the date the organization is first subject to this  
9 title.

10 (d) Any lobbyist, lobbying firm, lobbyist employer or other  
11 persons required, pursuant to Chapter 6 (commencing with Section  
12 86100), to file statements, reports, or other documents, provided  
13 that the total amount of any category of reportable payments,  
14 expenses, contributions, gifts, or other items is five thousand dollars  
15 (\$5,000) or more in a calendar quarter.

16 (e) The Secretary of State shall also disclose on the Internet any  
17 late contribution or late independent expenditure report, as defined  
18 by Sections 84203 and 84204, respectively, not covered by  
19 subdivision (a), (b), or (c).

20 (f) Committees and other persons that are not required to file  
21 online or electronically by this section may do so voluntarily.

22 (g) Once a person or entity is required to file online or  
23 electronically, subject to subdivision (a), (b), (c), (d), or (f), the  
24 person or entity shall be required to file all subsequent reports  
25 online or electronically.

26 (h) It shall be presumed that online or electronic filers file under  
27 penalty of perjury.

28 (i) Persons filing online or electronically shall also continue to  
29 file required disclosure statements and reports in paper format.  
30 The paper copy shall continue to be the official filing for audit and  
31 other legal purposes until the Secretary of State, pursuant to Section  
32 84606, determines the system is operating securely and effectively.

33 (j) The Secretary of State shall maintain at all times a secured,  
34 official version of all original online and electronically filed  
35 statements and reports required by this chapter. Upon determination  
36 by the Secretary of State, pursuant to Section 84606, that the  
37 system is operating securely and effectively, this online or  
38 electronic version shall be the official version for audit and other  
39 legal purposes.

SEC. 3. Section 87302.3 is added to the Government Code, to read:

87302.3. (a) Every candidate for an elective office that is designated in a conflict of interest code shall file a statement disclosing his or her investments, business positions, interests in real property, and income received during the immediately preceding 12 months, as enumerated in the disclosure requirements for that position. The statement shall be filed with the election official with whom the candidate's declaration of candidacy or other nomination documents to appear on the ballot are required to be filed and shall be filed no later than the final filing date for the declaration or nomination documents.

(b) This section does not apply to either of the following:

(1) A candidate for an elective office designated in a conflict of interest code who has filed an initial, assuming office, or annual statement pursuant to that conflict of interest code within 60 days before the deadline specified in subdivision (a).

(2) A candidate for an elective office who has filed a statement for the office pursuant to Section 87302.6 within 60 days before the deadline specified in subdivision (a).

SEC. 4. Section 87500 of the Government Code is amended to read:

87500. Statements of economic interests required by this chapter shall be filed as follows:

(a) Statewide elected officer—one original with the agency, which shall make and retain a copy ~~and~~, forward a copy to the Secretary of State, and *forward* the original to the commission, which shall retain the original and send one copy to the Registrar-Recorder of Los Angeles County and one copy to the Clerk of the City and County of San Francisco. The commission shall be the filing officer.

(b) Candidates for statewide elective office—one original and one copy with the person with whom the candidate's declaration of candidacy is filed, who shall forward the copy to the Secretary of State and the original to the commission, which shall retain the original and send one copy to the Registrar-Recorder of Los Angeles County and one copy to the Clerk of the City and County of San Francisco. The commission shall be the filing officer.

(c) Members of the Legislature and Board of Equalization—one original with the agency, which shall make and retain a copy ~~and~~,

1 forward a copy to the Secretary of State, and *forward* the original  
2 to the commission, which shall retain the original and send one  
3 copy to the ~~clerk~~ *elections official* of the county ~~which that~~ contains  
4 the largest percentage of registered voters in the election district  
5 ~~which that~~ the officeholder represents, and one copy to the ~~clerk~~  
6 *elections official* of the county in which the officeholder resides.  
7 No more than one copy of each statement need be filed with the  
8 ~~clerk~~ *elections official* of any one county. The commission shall  
9 be the filing officer.

10 (d) Candidates for the Legislature or the *State* Board of  
11 Equalization—one original and one copy with the person with whom  
12 the candidate's declaration of candidacy is filed, who shall forward  
13 the copy to the Secretary of State and the original to the  
14 commission, which shall retain the original and send one copy to  
15 the ~~clerk~~ *elections official* of the county ~~which that~~ contains the  
16 largest percentage of registered voters in the election district in  
17 which the candidate seeks nomination or election, and one copy  
18 to the ~~clerk~~ *elections official* of the county in which the candidate  
19 resides. No more than one copy of each statement need be filed  
20 with the ~~clerk~~ *elections official* of any one county. The commission  
21 shall be the filing officer.

22 (e) Persons holding the office of chief administrative officer  
23 and candidates for and persons holding the office of district  
24 attorney, county counsel, county treasurer, and member of the  
25 board of supervisors—one original with the county clerk, who shall  
26 make and retain a copy and forward the original to the commission,  
27 which shall be the filing officer.

28 (f) Persons holding the office of city manager or, if there is no  
29 city manager, the chief administrative officer, and candidates for  
30 and persons holding the office of city council member, city  
31 treasurer, city attorney, and mayor—one original with the city clerk,  
32 who shall make and retain a copy and forward the original to the  
33 commission, which shall be the filing officer.

34 (g) Members of the Public Utilities Commission, members of  
35 the State Energy Resources Conservation and Development  
36 Commission, planning commissioners, and members of the  
37 California Coastal Commission—one original with the agency,  
38 which shall make and retain a copy and forward the original to the  
39 commission, which shall be the filing officer.

1 (h) Members of the Fair Political Practices Commission—one  
2 original with the commission, which shall make and retain a copy  
3 and forward the original to the office of the Attorney General,  
4 which shall be the filing officer.

5 (i) Judges and court commissioners—one original with the clerk  
6 of the court, who shall make and retain a copy and forward the  
7 original to the commission, which shall be the filing officer.  
8 Original statements of candidates for the office of judge shall be  
9 filed with the person with whom the candidate's declaration of  
10 candidacy is filed, who shall retain a copy and forward the original  
11 to the commission, which shall be the filing officer.

12 (j) Except as provided for in subdivision (k), heads of agencies,  
13 members of boards or commissions not under a department of state  
14 government, ~~or~~ *and* members of boards or commissions not under  
15 the jurisdiction of a local legislative body—one original with the  
16 agency, which shall make and retain a copy and forward the  
17 original to the code reviewing body, which shall be the filing  
18 officer. ~~In its discretion, the~~ *The* code reviewing body may provide  
19 that the original be filed directly with the code reviewing body  
20 and that no copy be retained by the agency.

21 (k) Heads of local government agencies and members of local  
22 government boards or commissions, for which the Fair Political  
23 Practices Commission is the code reviewing body,—one original  
24 to the agency or board or commission, which shall be the filing  
25 officer, unless, at its discretion, the Fair Political Practices  
26 Commission elects to act as the filing officer. In this instance, the  
27 original shall be filed with the agency, board, or commission,  
28 which shall make and retain a copy and forward the original to the  
29 Fair Political Practices Commission.

30 (l) Designated employees of the Legislature—one original with  
31 the house of the Legislature by which the designated employee is  
32 employed. ~~In its discretion, each~~ *Each* house of the Legislature  
33 may provide that the originals of statements filed by its designated  
34 employees be filed directly with the commission, and that no copies  
35 be retained by that house.

36 (m) Designated employees under contract to more than one joint  
37 powers insurance agency and who elect to file a multiagency  
38 statement pursuant to Section 87350,—the original of the statement  
39 with the commission, which shall be the filing officer, and ~~a~~  
40 ~~statement~~, with each agency with which they are under contract,

1 *a statement* declaring that their statement of economic interests is  
2 on file with the commission and available upon request.

3 (n) Members of a state licensing or regulatory board, bureau,  
4 or commission—one original with the agency, which shall make  
5 and retain a copy and forward the original to the commission,  
6 which shall be the filing officer.

7 (o) Persons not mentioned above—one original with the agency  
8 or with the code reviewing body, as provided by the code reviewing  
9 body in the agency's conflict of interest code.

10 SEC. 5. Section 89511.5 of the Government Code is amended  
11 to read:

12 89511.5. (a) An incumbent elected officer may utilize his or  
13 her personal funds for expenditures authorized by subdivision (b)  
14 of Section 89510 without first depositing those funds in his or her  
15 controlled committee's campaign bank account, if both of the  
16 following conditions are met:

17 (1) The expenditures are not campaign expenses.

18 (2) The treasurer of the committee is provided with a dated  
19 receipt and a written description of the expenditure.

20 (b) An incumbent elected officer may be reimbursed for  
21 expenditures of his or her personal funds, from either the controlled  
22 committee campaign bank account established pursuant to Section  
23 85201 with respect to election to the incumbent term of office, or  
24 from a controlled committee campaign bank account established  
25 pursuant to Section 85201 with respect to election to a future term  
26 of office, if all of the following conditions are met:

27 (1) The expenditures are not campaign expenses.

28 (2) The incumbent elected officer, prior to reimbursement,  
29 provides the treasurer of the committee with a dated receipt and a  
30 written description of each expenditure.

31 (3) Reimbursement is paid within 90 days of the expenditure,  
32 in the case of a cash expenditure, or within 90 days of the end of  
33 the billing period in which it was included, in the case of an  
34 expenditure charged to a credit card or charge account.

35 (c) When the elected officer's controlled committee is notified  
36 that expenditures totaling one hundred dollars (\$100) or more in  
37 a fiscal year have been made by the incumbent elected officer, the  
38 committee shall report, pursuant to subdivision-~~(j)~~ (k) of Section  
39 84211, the expenditures on the campaign statement for the period  
40 in which the expenditures were made and the reimbursements on



1 the campaign statement for the period in which the reimbursements  
2 were made.

3 (d) If reimbursement is not paid within the time authorized by  
4 this section, the expenditure shall be reported on the campaign  
5 statement as a nonmonetary contribution received on the 90th day  
6 after the expenditure is paid, in the case of a cash expenditure, or  
7 within 90 days of the end of the billing period in which it was  
8 included, in the case of an expenditure charged to a credit card or  
9 charge account.

10 (e) This section shall not be construed to authorize an incumbent  
11 elected officer to make expenditures from any campaign bank  
12 account for expenses other than those expenses associated with  
13 his or her election to the specific office for which the account was  
14 established and expenses associated with holding that office.

15 SEC. 6. No reimbursement is required by this act pursuant to  
16 Section 6 of Article XIII B of the California Constitution because  
17 the only costs that may be incurred by a local agency or school  
18 district will be incurred because this act creates a new crime or  
19 infraction, eliminates a crime or infraction, or changes the penalty  
20 for a crime or infraction, within the meaning of Section 17556 of  
21 the Government Code, or changes the definition of a crime within  
22 the meaning of Section 6 of Article XIII B of the California  
23 Constitution.

24 SEC. 7. The Legislature finds and declares that this bill furthers  
25 the purposes of the Political Reform Act of 1974 within the  
26 meaning of subdivision (a) of Section 81012 of the Government  
27 Code.